

# REVOLUTIONARY PERSPECTIVES

19



## THEORIES OF



## STATE CAPITALISM



60p

Journal of the Communist Workers Organisation



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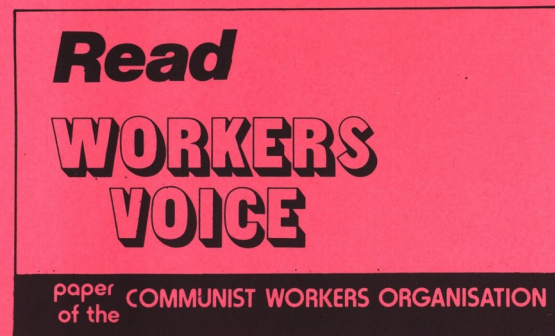
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## Appeal to Readers

The deepening of the crisis and the corresponding aim of communists to deepen their interventions in the working class, means an increasing burden on the financial resources of the C.W.O. We are totally dependent on the contributions of our members and supporters - we receive no infusions of cash from Russia, China, Libya, Albania, the C.I.A. or from any other source.

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## COVER

- the Nevsky Works in Leningrad in the 60's
- October 24th, 1917: massing of Red Guards prior to the storming  
of the Winter Palace
- showpiece collective farm in Kazakistan, 1950's

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# Editorial:

## 2nd Congress of the C.W.O.

### EDITORIAL

This edition of Revolutionary Perspectives is largely made up of texts presented at the Second Congress of the CWO (held in London on 12th-13th February, 1982). The Congress was attended by delegations from the Internationalist Communist Party (Italy), the International Communist Current (Britain) as well as by CWO members in Britain and France. Some individual communists who had previously been members of the ICC also attended.

The Congress debated our perspectives for the coming period of crisis and class struggle and this debate is summarised in the first text presented here. The second debate centred on the question of the Italian Left. Here the debate focussed on the question of historical method and how we judge proletarian movements in the past. The outcome represents a considerable advance for the CWO and opened up a new debate on certain aspects of our Platform. The platform was debated in our final session and it was subsequently resolved that a further discussion was needed before this could actually be published. We hope that this will be published in the very near future.

The final discussion was on the report of the Executive Committee of the CWO reviewing the progress of the organisation in the last twelve months. It was a source of satisfaction that we had found new means to disseminate our ideas in the regular publication of Workers Voice, in the issuing of our Platforms for Unemployed Workers Groups and Factory Groups and for the first time we had found the strength to publish an internal bulletin to enrich the debates between our members. We had also managed to publish in France two new pamphlets on 'The Period of Transition' and Ireland. The year also saw for the first time the simultaneous distribution in Britain, France and Italy of leaflets on Poland. The second of these was distributed only four days after the coup. This year we hope to publish more texts in French.

These, however, were regarded as only small advances compared with the tasks which face us. In the coming year it was resolved that we would give more time to the theoretical education and practical training of members, to organising and preparing for all types of international work (including the Fourth International Conference), but above all to the recruitment of new members without abandoning any of the tasks which we carry out within the working class.

The 1980s are clearly going to be decisive years in the determination of the future of the proletariat and communists must make every effort to ensure that future is a golden one.●



# Perspectives for the Coming Period

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The mortal sickness of capitalism is daily illustrated by every statistic and report that is published. Official unemployment in Britain is now 1 in 8. Whereas previous capitalist crises have been accompanied by price falls, today inflation is in at least double figures globally. This is because under decadent capitalism the state has become the chief merchant bank and attempts to centralise capital in order to offset the continual fall in the global rate of profit. In doing this it has come to dominate every aspect of social life and thus has to borrow heavily to maintain the "reserve army" of the unemployed and head off their class anger. Monetarism, as we pointed out years ago, is just a nostalgic dream of senile capitalism for the 'free enterprise' vitality of its youth. Keynesian state capitalism is no panacea for the decay of the capitalist economic and social system, but in the advanced capitalist economies it prevents millions from descending to the level of starvation which exists in the 'underdeveloped' parts of the planet. Here the chief manifestations of capitalism's decadence are to be found: where two thirds of our species are living at below the level of subsistence; where as in Iran and Iraq, the Ogaden, Eritrea and Afghanistan murderous imperialist proxy wars decimate the populations; where as in Argentina, Chile and Central America death squads liquidate individuals or massacre whole communities as part of a concerted operation of bourgeois state terror, or where, as in Brasil, simple genocide brings the virtues of civilisation to Amazonia.

In Europe too, the cancer of economic and social decay threatens the entire capitalist structure. Only army take-overs in Turkey in 1980 and Poland in 1981 have temporarily put the lid on the class struggle in those countries, whilst in almost every country in Europe from the Kosovo province of Yugoslavia, to the streets of Liverpool there have been riots and revolts which threaten bourgeois 'law and order'. After half a century of quiet class terror has come once again to confront the terror of the bourgeois states of Europe.

The economic background to all this has been the drastic worsening of the capitalist economy.

## The Economy

In 1981 the Organisation of Economic Cooperation and Development (OECD) which consists of the 24 most industrialised countries of the west, recorded an average growth rate of 1.5%. This was the lowest recorded since the war, with the exception of 1973/4 when the Middle East oil crisis had an immediate impact on the figures. In the USA, the citadel of capital itself, there has been a sharp downturn in the economy. Unemployment has reached a post war record of 9 million and it is estimated that unemployment will affect a third of the workforce in the coming year resulting in a total of 30 million being temporarily out of work. 1981 was also a bad year for West Germany. The economic miracle finally came to an end with unemployment reaching 2 million, (the official figure - the real extent of unemployment has been cushioned by the fact that 'guest' workers have been repatriated) and inflation hitting 10%. Yugoslavia has debts of \$20 billion to western banks and 20% inflation. The last of the previously stable countries, such as Switzerland and Austria, are beginning to experience the effects of the crisis with inflation and balance of payments problems as well as attendant unrest witnessed in last summer's youth riots.

It is obvious, then, that the crisis is now affecting the entire western economy. Previously the crisis was limited to weaker capitalist countries such as Britain and Italy and it was possible for the stronger capitals to bail out the trouble spots. Now these formerly strong capitals are them-



selves in deep trouble and the crisis has reached a new stage of intensification.

The crisis is not limited to the western bloc but is hitting the so-called socialist economies just as hard. Economic growth in the '76-80 5 year plan was the worst since the war. Performance in the year 80/81 was the worst ever. Comecon as a whole grew by only 1.1%. Russia on her own, despite her gas and oil developments, achieved only a modest 2% growth; this is almost exactly the same as that achieved in the US. Hungary's economy actually shrank by 1%. The whole of Comecon owes western capitalism some \$75 billion, and countries with the heaviest borrowing such as Poland and Romania have been unable to generate sufficient profit to meet the interest and capital repayments which fell due during the year. As each new deadline passed these countries came, cap in hand, begging to reschedule larger and larger sums which simply means asking to borrow more. Both countries attempted to reschedule \$3 bn, while in S.E.Asia Comecon's newest member Vietnam attempted to reschedule a \$100 million debt to Japan.

Comecon's hopes that buying machinery and factories from the West with western loans would solve its problems of declining profit rates have totally collapsed. Despite the low wages paid to workers, Comecon has proved unable to undersell the west's commodities on western markets and thus unable to repay its debts as had been hoped during the days of 'detente'. The result is that the standard of living of the workers instead of improving is getting rapidly worse. Food shortages, rationing and inflation, are common throughout Comecon. Hungary now includes an inflation rate in its official statistics.

The open sore of the world economy is undoubtedly Poland where the imminent economic collapse led to Jaruzelski's coup. Production has declined by 25% in two years and debts stand at \$27 bn. The problems of the Polish economy have had repercussions for the other countries of the eastern bloc. For the last two years Poland has been unable to meet deliveries to the other members of Comecon which in turn has had a disastrous effect on their economies. For political reasons the rest of Comecon, and especially Russia, have had to maintain deliveries to Poland which go unpaid for. The cost of maintaining Poland and securing its membership of the eastern bloc has made Russia's own economic problems worse. Recently Russia has had to ask Japan and West Germany to accept a delayed repayment of loans and to defer payment for industrial goods. Russia has also had to give massive loans to Poland, \$5.5 bn. since January this year, so that repayments of debts to western banks could be made and an agreement on rescheduling the debts not paid during the last few years could be signed.

As in the West the eastern bloc bourgeoisie are responding to the crisis by increasing the attacks on the working class. Throughout Comecon energy prices were increased by 40% at the end of 81, and Romania has increased petrol prices by a further 20%. Food prices have soared. Hungary has introduced a pricing system based on world market prices, Czechoslovakia has increased food prices by 40% and in Poland Jaruzelski increased them by 300%.

The crisis in Comecon has been reverberating in the West. A faction within the American bourgeoisie, grouped around Weinberger, is actually hoping for Comecon countries to default in repayments of debts to western banks, so that political mileage can be made. Recently the US refused a loan of \$65 million to Romania as part of a new tough strategy towards Eastern Europe. In the words of the Washington administration the countries of eastern Europe are the "teeth in the mouth of the Russian bear" and the strategy current in Washington is to shake them loose. Washington also wanted to exert similar pressure on Poland but has been prevented from doing so by its allies in western Europe. In January, instead of pressing for a default, the US bowed to this pressure and the government repaid the \$71 million owed to American commercial banks by Poland. Polish default would have left the American economy unharmed but would have had a disastrous effect on the smaller European economies, especially West Germany. Only 10% of Poland's debts are owed to American banks, whereas 40% of them are owed to

West Germany. It has been estimated that half of West Germany's banks would have collapsed if Poland defaulted. There has also been a split between Washington and its European allies over a trade embargo. Trade between the US and Poland is minimal whereas the greater traffic of trade between the EEC and Poland ensures that a trade boycott would send tremors through the fragile economies of western Europe. A trade embargo would also increase the likelihood of Polish default. Nervousness over Poland shows that it could trigger off chain reactions in Eastern and Western economies.

The bourgeoisie have sought in vain for measures to lift their national economies out of the depression. After the monetarism of Thatcher and Reagan had been shown to have failed, an election in France last year brought to power a government committed to a policy of expansionism. A programme of public works, similar to that advocated by Benn in Britain, was begun in an attempt to cut unemployment and stimulate the economy. Expansionist programmes were carried out in 73/4 and 77/8 in Britain and resulted in mini-booms. In France a boom has not materialised - unemployment is still rising along with inflation. Mitterand's policies are taking place at a time when the crisis is so severe that they are not leading to any, even temporary, upturn in the economy. This indicates that a further stage in the collapse of the world capitalist economy has been reached. We have now reached the stage when the equalisation and braking mechanisms of capitalism are no longer holding its contradictions in check for the first time since 1929. We are now at the stage when the only way unemployment can be mopped up is under conditions of open preparation for war by the militarisation of society.

#### Imperialism and War Preparations.

While the past year has seen new depths of the economic crisis having been plumbed, it has also seen an intensification in the preparations for war. The US, with the decision to press ahead with chemical weapons and the neutron bomb, has given open indication of its imperialist war policy. The disarmament talks in Geneva are mere window dressing. The main purpose of the talks is to give propaganda for re-armament when they break down, as they undoubtedly will. The talks also make it appear to the Western European people that the US is trying to "reason" with Russia. Once these talks fail the leaders of the western bourgeoisie will be able to claim that since the Russians were so obstinate we'd better have Trident, Cruise, Pershing II etc.

Elsewhere, US commitment to war is more open. In El Salvador a \$25 million arms deal has been agreed and there are some preparations in Washington for more direct military intervention in Nicaragua. The sale of AWACS radar system to Saudi Arabia means that this country is now the US policeman of the gulf, the role previously played by Iran. However, the development of the rapid deployment force, the acquisition of military bases in Somalia, together with the US organisation of the 'bright star' joint military exercises with Egypt after the killing of Sadat, show the US preparing for direct military intervention in this area. China has indicated a willingness to take US arms which would complete Russian encirclement. However, Taiwan, recently armed by the US, remains a bone of contention between the US and China. The US still hesitates before using China as its last card, and Brezhnev has exploited the contradictions of US policy to make overtures to Peking. When these are abandoned and Russia's eastern border is militarised war will be on the agenda.

The balance of forces world wide is swinging towards the US. The continuing inability of Russia to pacify Afghanistan reduces its ability to intervene elsewhere. The US and the West are not interested in Afghanistan, but they want Russia in Afghanistan for military and propaganda reasons, hence the rejection by Pakistan, Washington's ally in the region, of the Russian offer to withdraw if Afghanistan is neutralised. For a similar reason the US wants Russian troops in Poland; Reagan realises such a commitment would immobilise the Russians elsewhere in the world and leave the US with a free field. Russian troops in Poland would also enable Reagan to exploit the fears of US allies in western Europe and so bring them into line. In order to operate elsewhere in the globe, for instance in Latin America, Ethiopia,



Kampuchea etc., the Russians must stay out of Poland.

Russia's weakness is further demonstrated by her dependence on the US for imports of grain and advanced technology. Plagued by economic crisis, class struggle and falling prices for primary commodities like gold, oil and diamonds she is forced to spend an ever increasing portion of her GNP on arms in order to keep up with the US. This in turn provides grist to the mill of US militarists who point to this figure and conclude that the Russia is actually militarily stronger than the US.

It is not surprising therefore that Russian foreign policy has an air of desperation about it. By supporting hard line Arab states such as Libya, in their opposition to the Camp David agreement, and by exploiting China's fears over the US arming Taiwan, Russia is hoping to destabilise the situation in its own interests. The main area of operation is Europe. Russia's long term policy there is "Finlandisation of Europe" or neutrality under Russian pressure as exists in Finland. Russia realises the present US policy is hitting Europe hard and is going against the interests of the European bourgeoisie. Reagan's economic policies pay little attention to the interests of the European economies. The US budget greatly increased expenditure on defence (by 50 billion dollars) which was paid for by cutting social services but also by raising interest rates. High US interest rates have increased European interest rates causing bankruptcies and unemployment as well as an exodus of capital. Also directly contrary to the interests of the European bourgeoisie is the US policy over Poland. The Europeans have withstood American pressure to take part in a trade boycott of Poland and of Russia. The US has been outraged by the refusal of the West Europeans to abandon the agreement to pipe natural gas from Russia; the Americans believe that this will bind Europe to Russia. The open admission by Reagan that World War 3 will be a tactical nuclear war fought on European soil, and US attempts to station the new generation of missiles in Europe has led to a cooling in the relationship between Western Europe and the US. This is particularly true for West Germany. Russia hopes to exploit these fears, and stimulate neutralism in Europe, which in turn will lead to a US military withdrawal. Staying out of Poland is essential to this strategy. A further part of Russia's strategy in Europe is the attempt to woo back Yugoslavia and Albania to the fold and to encourage Greece to leave NATO.

Russia has no chance of realising these aims. Western Europe is firmly committed to US imperialism and the growing superiority of the US is creating a situation in which Russia might be forced to make a desperate pre-emptive strike. Whatever happens the situation is rapidly destabilising and the 1980s will be a pre-war decade.

### Class Struggle

The past year has seen fierce struggles by workers in both the eastern and western blocs. In the eastern bloc, with the exception of Poland, strikes have been over such issues as food shortages and rationing whilst in the West struggles have largely been over redundancies or by the unemployed themselves. The strikes in Russia in June 1980 at the Kama lorry factory and those at the vehicle plants at Togliattigrad and Gorky had at their basis resistance to rationing. Last year the situation was no better. General dissatisfaction led to riots in the Caucasus. In the town of Ordzhonikize these were only ended by tanks firing blanks. Similarly in June 81 Romanian coal miners struck against rationing of bread and flour. In the riot which followed a deputy chief of police was killed. The issue which sparked off the mass strikes in Poland last August was the bourgeoisie's attempt to raise food prices by 60%. At the same time there have been moves in other countries of the Eastern bloc to form independent trade unions.

In the West the steelworkers struggles of 1979 and 80 continued. Steelworkers in Canada struck for four months; in Italy there was a bitter strike against a pay cut and this year the Belgian steelworkers have engaged in what they describe as a "fight to the death" against redundancies and closures similar to those already imposed on their French British and Italian class brothers.

1981 also saw a 2½ month strike by US coalminers over a new contract. Throughout Europe there have been strikes against redundancies, the most notable was that of the Fiat workers. Recently also, Italian Chemical workers, threatened with mass sackings sealed off the port of Brindisi in protest. In Britain similar bitter struggles have taken place at such firms as Gardners, Laurence Scott and Staffa.

In Britain, Holland, Germany, Switzerland and Austria there have been riots of the unemployed or of youth. These riots show a flame of rebellion burning amongst the unemployed, rebellion against the poverty and squalor in which they find themselves as capitalism tramples them under foot. The unemployed have shown that they are prepared to battle, often for days at a time, against their immediate enemies the police.

However, despite the bitterness of many of the struggles of the past year, they have all been contained and internationally the class has suffered defeats. In Britain 1981 saw the lowest levels of recorded strikes since 1941, combined with record levels of unemployment and the biggest wage cuts since the 1930s - a general fall of 8%. The record productivity increases, in some cases such as British Leyland these are 200%, show that at the moment the bourgeoisie have the upper hand. Strikes have almost exclusively been about redundancies and have been broken. Major pay strikes which were developing at Leyland and Fords were broken by the trade unions. The bourgeoisie have adopted drastic methods to break struggles; at Laurence Scotts scabs were flown in by helicopter, and workers at BL Bathgate were told that the plant would close within a week if they did not call off their struggle. In the same town Plessey workers were told "accept cuts in living standards or face redundancy". Plessey workers said that Bathgate was "like Gdansk without the guns." The riots of last summer lacked political consciousness and consequently political direction. In particular no link was forged between the unemployed workers, who were fighting the police, and the employed. The action was isolated and degenerated into looting on an individual basis.

The most massive setback for the class was in Poland where the military moved in to clamp down on further struggles and step up exploitation. The ground for this defeat had been prepared by Solidarity which effectively disarmed the working class before Jaruzelski's guns. The massive struggles of Polish workers were for 16 months diverted into attempts to reform the Polish state. Solidarity, throughout its brief existence, co-operated with the Polish bourgeoisie in snuffing out strikes, restoring order and holding the working class back. It operated from the premise that Polish capitalism could be made to work in the interests of the Polish workers, if only the workers could exercise restraint, accept sacrifices and give the bourgeoisie time. Solidarity became, like all trade unions today, an arm of the bosses. When it was clear that Solidarity was no longer able to smother the worker's struggles, the bourgeoisie resorted to open terror. The workers were confused and unprepared: their resistance was rapidly isolated and broken.

Though the military coup is a setback it is not a final defeat and the Polish workers will rise again as they did in 70 and 76. The most important lesson of these events is that in decadent capitalism, trade unions and reformism in general can only be agents of or mystifications of the bourgeoisie. In today's situation the only organisations which can permanently serve the working class are revolutionary ones. The class struggle, no matter how militant, leads only to dead ends without the leadership of the class party. Polish workers who have understood the role played by Solidarity need to regroup and establish communist cells, as a step towards the formation of the class party in Poland.

Poland must also be a warning to the world's workers. When the crisis reaches a point at which the so called "democratic" way of exploiting workers is not squeezing out sufficient profits, the bosses everywhere will resort to naked military force. While the West wrings its hands over Poland and the suppression of "democratic rights", it welcomed a coup in one of the countries of its own alliance, Turkey. The Turkish and Polish military have suppressed the working class with similar ferocity. In the same year as Reagan wept



over the suppressed Polish workers he used troops to break the strike of the air traffic controllers.

The lessons of the past year's defeats have only been understood by a tiny minority of the world's workers. It is the task of revolutionary communists to forge links with both the employed and unemployed in order to clarify the lessons of the past defeats and to give a political lead in the struggles of tomorrow.

The capitalist crisis is relentlessly worsening, and the exploitation of the working class will be intensified, the destabilisation of the international situation and the arms programmes indicate the imperialists are preparing for war. For the working class there is only one way forward, the overthrow of the capitalist system and the establishment of communism. Despite the fact that the working class at present lacks an international class party, the mass strikes in Poland in 1980, the riots of the unemployed and the recent battles of the Belgian steelworkers show the potential of the working class. They also give us hope that the 80's will see the establishment of such a party and that its work in the social explosions, which clearly lie ahead, will bear fruit.●

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#### French Language Publications

The Communist Workers Organisation has published several texts in French, amongst them "L'Irlande - Dialogue avec les Sourds" (1F), "La Question D'Organisation" (3F) and texts on Poland and on the Period of Transition.

To obtain these texts, or full details of available texts, or for further contact with the C.W.O. in France, write to

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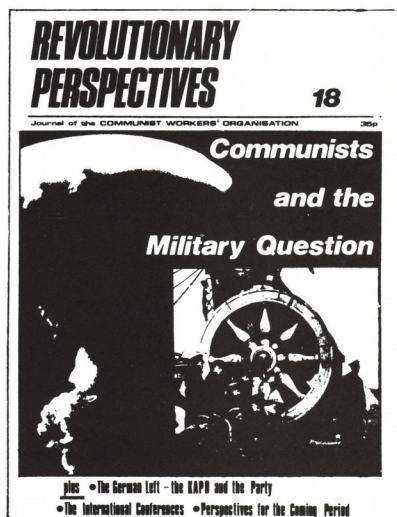
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A board in Moscow shows the progress of the first Five Year Plan

# Theories of State Capitalism

The text printed below was first published in Revolutionary Perspectives No. 1 in May, 1975 and has been unavailable for some time. The continuing crisis in Poland, and the Russian intervention in Afghanistan, make its reprint a political necessity. A correct perspective of these events depends upon an understanding of the class nature of Russian society, and we hope the reprint of the article will be a weapon in the fight for a clear intervention on these issues.

We have naturally taken the opportunity to revise the text for re-publication. Some of the revisions need little comment. For example the material on the economic crisis in Russia has been updated with some recent statistics and quotations. Some of the groups or individuals polemicised against in 1975 have lost all importance, and we have omitted them. Some issues were rather briefly dealt with in the first edition, and we have developed some of the arguments, though in a text on the theories of state capitalism the reader cannot expect a full treatment of issues as varied as the Russian Revolution, the economic crisis etc., and is directed to other CWO texts for elaboration.

Of a more fundamental nature are the political changes since the first edition, which we have no wish to conceal, and which reveal the political evolution of the CWO in the intervening period. The original text was heavily marred by the council communist scars which the CWO carried at its birth on the issue of the Bolsheviks and the Russian Revolution. These have now healed and we have accorded to the Bolsheviks a little more than the grudging praise they received in the first edition. Our assessment of the German and Italian left communist traditions has also altered. Although we do not deny that both were communist, today we maintain that it is the Italian Left tradition which furnishes the elements for communist work.

The second version thus, we hope, presents in a strengthened form the original economic analysis of the first text, while its political failings have been overcome. We are thus able once again to use it as part of our platform.



# Introduction

The question of the class nature of the society produced by the failure of the Russian Revolution is one which has rightly occupied the attention of communists for the past half century. The answer to this question bears directly on the possibility of achieving communism and on whether Marxism is the theory of proletarian revolution.

In studying the nature and dynamic of the society which emerged in Russia, and was later extended to China, Eastern Europe and elsewhere, communists must squarely face up to the problems and their implications. If it is argued that these societies are in some way communist or socialist, then this involves a rupture with Marx's view of the content of socialism. Marxism becomes thus a utopian dream and ceases to be the theory of proletarian revolution. Marx saw communism as the product of working class revolution leading to a society of associated producers in which the state, national frontiers and commodity production would be abolished and production would be to satisfy the needs of the many rather than the profits of capital. The discrepancy between this and a society with stratified property relations, based on widespread social inequality and the exploitation of wage labour, and in whose creation, outside Russia, the working class played no part - this discrepancy is too great to be bridged.

On the other hand, to argue that Russia is not socialist, but neither is it capitalist, also tears the heart out of Marx's historical materialism. Marx and all subsequent revolutionary Marxists saw humanity as only having two options after capitalism; either society would move forward to a higher form of production (socialism), or it would revert to barbarism. As Rosa Luxemburg put it at the outbreak of the First World War,

"Bourgeois society faces a dilemma; either a transition to socialism, or a return to barbarism. This the dilemma of world history, either - or. The die will be cast by the class-conscious proletariat."

(Ausgewählte Reden Vol.II)

Marxism excludes a third alternative, higher than, or alternative to capitalism, and which is not socialism. Such an alternative, even if it is an exploitative society (some have argued that Stalinism was slavery) also means that we have to abandon Marxism and look for some other theory that can explain the emergence and dynamics of this new social formation.

To rely on the saving grace that Stalinism was barbarism is also no solution. This leaves us with an episodic barbarism up to 1953-6, out of which some other formation emerges in a mysterious way - a part-time mode of production! And for Marxists barbarism is a mode of production. It is a reversion to social organisations with limited technology and limited division of labour, and not just a word used to describe nasty, repressive political structures. Even though Russia and Western capitalism have exemplified barbaric elements in the Twentieth Century, neither have returned to neo-tribal scavenging, except for brief periods of war or crisis.

It is clear that only the perspective that these societies are still capitalist, whatever specific features they might exhibit, can preserve Marx's scheme of history and vision of communism, from disintegration. But the following text is written, not as a religious demonstration of our faith in Marxism, but because we feel that the basic tools of Marxism can and do explain the emergence and development of capitalism in Russia. And a survey of all the rival theories which deny the capitalist nature of Russia, run up against insurmountable theoretical obstacles which lead to confusionist and reactionary political positions.

Here we will review the various theories which have emerged in the last 50 years about the nature of Russian society, and subject them to criticism. Then we will examine the economic crisis in Russia and other state capitalist societies, which is becoming increasingly acute. The whole analysis demonstrates that the stratification of property relations is a response of the entire world bourgeoisie to the decline of the capitalist mode of production in this century.

# The Itineraries of Apologists

The confusion which exists today on the issue of state capitalism, and the equation of nationalisation with socialisation, represents, as so often occurs in periods of counter-revolution, a clarity lost. Until the defeat of the Russian revolution, a defeat not caused through military conquest but through isolation, there was no problem of "state capitalism" and the revolutionary Marxist position towards it. As early as the 1880s when Bismarck was nationalising sections of the German economy in the interests of Prussian militarism, Engels confronted the issue directly and unequivocally,

"But the transformation, either into joint stock companies, or into state ownership, does not do away with the capitalistic nature of the productive forces...The modern state, no matter what its form, is essentially a capitalist machine, the ideal personification of total national capital... The workers remain wage labourers, proletarians. The capitalist relation is not done away with.

But of late, since Bismarck went in for state ownership of industrial establishments, a kind of spurious socialism has arisen... if Bismarck took over for the state the chief Prussian railways simply to be better able to have them in hand in case of war...and especially to create for himself a new source of income, independent of parliamentary votes, this was in no sense a socialist measure."

(Anti-Duhring pp.329-330)

Engels clarity here is not that of an isolated individual. The position of official social democracy on "state capitalism" was the same, i.e. it saw it as an anti-working class measure. This can be found in, for example Bebel's Society of the Future. Groups like the Socialist Labour Party before World War One warned that the incipient tendencies towards state capitalism in Edwardian Britain were not measures of socialisation. A brilliant exposition of this is given in William Paul's The State: its Origin and Function. And when the First World War led to greatly developed methods of state planning revolutionaries did not hesitate to reassert the revolutionary Marxist position. For example, Bukharin surveyed the planned capitalism of the imperialist war for the Bolsheviks, and commented,

"The capitalist mode of production is based on the monopoly of the means of production in the hands of the capitalists within the general framework of commodity exchange. There is no difference in principle whether the state power is a direct expression of this monopoly or whether the monopoly is privately organised. In either case there remains commodity economy (in the first place the world market) and, what is more important, the class relations between the proletariat and the bourgeoisie."

(Imperialism and World Economy (1915) p.157)

The confusion about state capitalism has arisen from its growth out of the isolation and defeat of a genuine proletarian revolution. The overwhelming reason for the emergence of state capitalism in Russia was the failure of the revolutionary wave in Europe after World War One, and the inability of the isolated and destroyed Russian economy to sustain the limited steps towards communist relations of production which had been inaugurated during war communism. Not that these steps were seen as building socialism in isolation. On the contrary, the most vociferous defenders of war communism (the "Left Communists" of 1918) were the firmest defenders of the need for an aggressive international policy (rejection of Brest-Litovsk etc.) since they believed,

"The Russian revolution will either be saved by the international proletariat or it will perish under the blows of international capitalism... Everything depends on whether or not the international revolution is victorious."

Bukharin (quoted in Bukharin and the Bolshevik Revolution S. Cohen p.66)



The feeling that isolation was temporary, led Lenin and the Bolsheviks to introduce the New Economic Policy (NEP) because they felt they could administer the capitalism it represented for a short period until isolation was overcome. Lenin was quite clear that NEP was a retreat to capitalism, and one which was increasingly getting out of control,

"It was intended through the state to exchange the products of industry in a more or less socialist manner for the products of agriculture ... What was the result? We must confess that our retreat turned out to be not enough, and it is indispensable for us to carry out a supplementary retreat

to pass from state capitalism to state regulation of buying and selling, of monetary circulation..."

(E.H. Carr The Bolshevik Revolution Vol3 p.333)

Gradually, however measures which were at first seen as the management of state capitalism, came to be portrayed as measures of socialist construction. This was a view shared by both the right and left of the party at this time. While Stalin (and Bukharin who had joined him) argued that NEP was the basis of socialism, the left-wing Preobrazhensky in his Primitive Socialist Accumulation of 1924, called for industrialisation via a tax on the peasantry. Such industrialisation was seen as the basis for socialism inside Russia.

Faced with economic developments in Russia in the Twenties and Thirties, the reactions of those who failed to see that a counter-revolution had occurred were two-fold. On the one hand there emerged the theory of the degenerated workers' state or the transitional society, held by Trotsky and from whose roots all sorts of theories of a "new form of society" emerged. On the other hand there arose the theory of "socialism in one country" (Stalin and his followers). A criticism of these two poles of apology will, better than anything else, prove the theory of state capitalism.

Trotsky was implicated in the establishment of state capitalism in Russia. In the early Twenties he advocated forced industrialisation through militarisation of labour. He further did not reject the idea of socialism in one country (1) and remained a loyal oppositionist to Stalinism until his exile in 1929. He was unable to realise that a counter-revolution had taken place and maintained that Russia was a workers state until his death in 1940. At first Trotsky's argument that Russia was not capitalist was based on the fact that a proletarian party held power, and the state bureaucracy could be "pressurised" by the working class. The latter argument would make any country non-capitalist, since working class pressure can often moderate ruling class policies, whilst the former argument was abandoned when the consolidation of Stalinism and the Purges made it too embarrassing to maintain. Trotsky then completely reversed the defence of the USSR from a political to an economic basis. He forgot that the very economic measures which he imagined proved Russia was a workers' state had been introduced by the same Stalinists he denounced politically. He now defended Russia precisely because it was state capitalist i.e. because,

"The nationalisation of the land, the means of industrial production, transport and exchange, together with the monopoly of foreign trade, constitute the basis of the Soviet social structure. Through these relations, established by a proletarian state revolution, the nature of the Soviet Union as a proletarian state is for us basically defined."

(Revolution Betrayed p.235)

When this mumbo-jumbo is compared with the earlier cited comments of Engels and Bukharin, Trotsky's rupture with the communist programme is clearly revealed. Similarly his view that the relations of production in Russia were socialist, but those of distribution were bourgeois or fascist, is an inanity for Marxists who hold that,

"The relations and modes of distribution thus appear merely as the obverse of the relations of production. The structure of distribution is

(1) See "Trotskyism and the Counter-revolution" Revolutionary Perspectives 9 for a fuller explanation of this view.



completely determined by the structure of production."

(Marx Grundrisse (Pelican edn. p.95))

Historical aberrations can occur, for example in a revolution, but these cannot possibly maintain themselves over long periods. Not only did Trotsky see the relations of distribution as contradictory to those of production in Russia, he also argued that the political superstructure of Stalinism was in contradiction to the proletarian infrastructure of the economy. He felt that the whole of Russian society and its economic life was "transitional" to socialism, but that the bureaucracy was intent on preventing such a transformation, and even considering a capitalist restoration to maintain its privileges. The fact that this proto-capitalist bureaucracy was exactly the force which was carrying out the measures of industrialisation which Trotsky imagined gave Russia its socialist economic basis didn't make any difference. Trotsky's mass of contradictions were passed off as a theory. Trotsky argued that the bureaucracy was not a class since it was not hereditary but this is not the point. A ruling class is not necessarily defined by its actual ownership of the means of production as individuals but as a collective disposer of the surplus created by the labour power of the exploited class. Thus bishops, abbots etc. in medieval Europe disposed of Church property by virtue of their office and supervised the exploitation of the serfs. Similarly the bureaucracy of Oriental Despotic societies disposed of the surplus produced by the exploited class without accumulating hereditary property themselves. A class is not determined by its method of recruitment, or by legal property relations, but by its position and function in the process of production. The state bureaucracy in Russia, or the state bourgeoisie is a ruling class.

Today most orthodox Trotskyists echo the position of Trotsky on Russia, and since they don't see it as a class or capitalist society, they call for its defence against "imperialism". Although there are many nuances amongst Trotskyists about how defensible or proletarian Russia is, most follow broadly the positions put out by the Fourth International, and its theoretician, Ernest Mandel whose British section is the International Marxist Group (IMG). Mandel's arguments are basically an elaboration of Trotsky's ideas,

"...the production relationships specific to the transitional society are thus a hybrid combination of essentially non-capitalist economic planning and the elements of commodity production which arise from the still basically bourgeois distribution relations ... The capitalist mode of production is characterised by particular laws of motion, which in no way determine the dynamics of the Soviet economy ..."

(E. Mandel Critique 3 pp.10-14)

Mandel advances the non-marxist idea that the transitional society between capitalism and communism shares similarities with transitional societies between other modes of production. He maintains that the idea of the transitional society covers a whole historical epoch in which capitalist and communist elements in the mode of production compete with one another. This forgets that the seizure of power by the proletariat can only follow the establishment of the necessary level of productive forces for communism on a world scale. Ironically Mandel echoes many of Stalin's arguments on the non-capitalist nature of Russia (e.g. exchange between enterprises not taking commodity form, the law of value not determining investment etc. - see below for a further explanation). However he does not follow Stalin's assertion that this makes Russia socialist. He says it is transitional, and has an internal dynamic which pushes it towards socialism. No wonder some Trotskyists, who still see the bureaucracy as "restorationist", accuse Mandel of being the apologist of the Soviet ruling class. His position veers towards that of seeing greater economic growth as, in itself, leading to socialism in Russia.

The whole idea of a transitional "mode of production" between capitalism and socialism is simply a disguised "third system" theory, though Mandel sees it as moving towards socialism. Either Russia is socialist already, with deformations, or it is still capitalist. These are the only positions which can remotely claim to be consistent with Marxist theory. This halfway house position has led



to a constant flux in the Trotskyists' ranks of currents moving to an accommodation with Stalinism, or towards a rupture with Trotskyism. With Russia's integration into the concert of world imperialism becoming ever clearer throughout the 1930s Trotsky's theory of the degenerated workers' state began to crumble. It was left to his followers to salvage something from the wreck. In 1939 Bruno Rizzi published *La Bureaucratization du Monde* which argued that Russian society was a class society in which a new form of exploitation, "bureaucratic collectivism" existed. He characterised the system of production within it as a type of industrial slave society (see below). He maintained that the bureaucracy was a class which in actual fact did own the means of production through its control of the state. This form of society, since it was clearly more efficient than capitalism was, according to Rizzi, bound to supersede it. Stalin, Hitler, Mussolini and the Roosevelt of the "New Deal" were representatives of a new system of exploitation destined to prevail the world over.

Trotsky, realising this theory was derived from his own views, and that it was popular among his followers, attacked it as anti-marxist. He maintained the Russian bureaucracy was intent on restoring private capitalism and was itself becoming the stockholders in the banks and factories. History he predicted would resolve the issue, and if World War Two did not lead to proletarian revolution in the West, and the overthrow of the Russian bureaucrats then Marxism would have been proved wrong and socialism shown to be a utopian dream. Trotsky, incapable of resolving the contradictions in his own theory was now being led to question Marxism itself.

When Stalin allied himself with Hitler in conquering and annexing Poland (and later did the same in Finland), Trotsky was logically forced to support him. In the case of Poland, the bureaucracy, which according to Trotsky was reactionary and preventing the development of socialism within Russia, was progressive in the measures which it brought to the Poles. It nationalised the banks and industry, and divided the landlords estates amongst the peasants. As in Russia Trotsky saw these measures as the basis of socialism, though he was unable to explain how a "reactionary" class could carry out "progressive" measures.

Certain of his followers now accused him of being an apologist for Stalin and, claiming to defend Trotskyism from Trotsky, took up the theory of "bureaucratic collectivism", though they did this in a more superficial way than Bruno Rizzi. Schachtman argued that not only was Russia bureaucratic collectivist but that it was also imperialistic. However initially he still imagined it was more progressive than the democracies of the West.

"From the standpoint of socialism, the bureaucratic collectivist state is a reactionary social order, in relation to the capitalist world, it is on an historically more progressive plane."

(Quoted in T. Cliff "Theory of Bureaucratic Collectivism"

International Socialism 32)

Later Schachtman decided that Stalinism was barbarism, and called for the defence of democracy against this barbarism. A theory that sees a society as crisis-free, with no central dynamic, inevitably leads to such erratic political conclusions. But if bureaucratic collectivism was an alternative for Russia, it could be an alternative for any country. This was the conclusion of another ex-Trotskyist, James Burnham, who argued that Russia was in no sense a workers' state and that Fascism was another variety of bureaucratic collectivism. He claimed that both were on a higher plane than private capitalism and predicted the victory of Fascism (indeed he appeared to welcome it) in World War Two. Such a purely descriptive characterisation of Russia as bureaucratic collectivism becomes higher or lower than capitalism, defensible or indefensible, according to the mood of the moment. It is the sins of the father visited on the Trotskyist children, and has nothing to do with Marxism.

Bruno Rizzi argued that the method of exploitation within bureaucratic collectivism was a form of slavery. For him Russia was a class society but the forces of production would develop so quickly and produce such an abundance based on "industrial slavery" that Stalinism would evolve automatically into communism! His justification for his views was the existence of legal disabilities on workers changing jobs, forced labour and labour camps etc. He stated,



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"Exploitation occurs exactly as in a society based on slavery, the subject of the State works for one master who has bought him, he becomes part of the master's capital...They (i.e. the Russian workers) no longer have anything in common with free workers except the sweat of their brows. The Marxists will truly need a Diogenes' lamp if they intend to find any proletarians in Soviet towns."

(La Bureaucratization du Monde p.72-4)

But although some outright slavery did exist in Nazi Germany (which Bruno R. considered in the same light as Russia), there was no slavery in Russia in the 1930s. A slave is a commodity which is bought and sold. The Russian working class continued to buy and sell their labour power in the period of industrialisation. There was no commodity exchange in human beings. Forced labour was introduced by Stalin for kulaks, political prisoners etc., but forced labour is no more slavery than ordinary prison labour. It is labour for a fixed period and is not exchangeable on the market. As for the proletariat proper, they were the value-producing force for the vast bulk of the Five Year Plans, of which forced labour was a small though important part. And labour turnover was as high in Russia as in any other capitalist state in the 1930s.

LABOUR TURNOVER PER 100 EMPLOYEES

	1929	1930	1931	1932
Entered employment	122	176	151	121
Left employment	115	152	136	135

(Source: A. Nove Economic History of the USSR (Pelican) p.197)

If you add to this the high rates of absenteeism you have hardly got the behaviour pattern of a slave class!

Another variant of the "third system" standpoint was produced after World War Two by the French group, Socialisme ou Barbarie, around Paul Cardan who broke from Trotskyism without breaking from Trotsky's perversions of Marxism. As early as 1949, in an article entitled "Les Rapports de Production en Russie". Cardan argued that, in Russia, we are dealing with a non-capitalist, crisis-free but exploitative society. Cardan wrote of those who considered Russia capitalist,

"We must recall here that certain Marxists consider the USSR to be state capitalist and have long searched for the equivalent of economic depressions and the industrial reserve army. Some believe that they have found them in the phenomenon of the concentration camps...We still patiently await the economic crisis provoked by de-Stalinisation."

(Modern Capitalism and Revolution p.29)

Cardan slowly drew out the conclusions of his position, and argued that if nationalisation and planning could prevent crisis in Russia, it could also do so in the West. Faced with twenty years of post-war boom he argued that western capitalism was now crisis-free. Revolution he now predicted would come from the conflict between the working class and the bureaucracy (order givers/order takers). In the end Cardan rejected all possibility of revolution, just as he had rejected crisis theory, and he retreated to planning capitalism within the OECD. Alas, this was in 1967, a year before the biggest mass strike in French history, and not much longer away from the onset of the deepest capitalist crisis since 1929! Cardan, like his followers in Solidarity in Britain, see socialism as a question of forms of organisation, as a project for self-management. As a result just as the Schachtmanites and Burnhamites abased themselves before every non-capitalist gang that appeared, so the Cardanites rushed to flirt with every bourgeois regime that temporarily donned a "non-bureaucratic" face (e.g. Yugoslavia, Algeria). The Cardanites in Britain, not up to such general notions, contented themselves with flirting with "autonomous" Free Derry and the Ulster Workers Council, as well as self-managed exploitation in the form of sub-contracting in the building industry (i.e. the lump).

Clearly none of the views which have their roots in Trotskyism can explain the nature of Soviet society, nor maintain the centrality of Marxism as the theory of revolution. In addition, as we have shown here, their political consequences are disastrous.

While the Trotskyists were discovering new social formations inside Russia, Stalin and his followers were advancing the idea that Russia had reached socialism with the industrialisation of the Five Year Plans. The idea that socialism could be achieved in one country is the bedrock of the claims of Stalin and the Stalinist "third period" groups which exist today. As Stalin himself put it,

"Lenin, proceeding from Marxist theory, came to the conclusion that ... the socialist revolution could prove fully victorious in one country taken separately ... that the old formula of Marx and Engels no longer corresponded to the new historical conditions."

(Marxism and the Problem of Linguistics p.47)

Given the international nature of the world economy and division of labour, and the pressure this would create on an isolated country, Marx had argued that "the emancipation of labour is neither a local or a national problem and depends for its solution on the concurrence of the most advanced countries" (General Rules of the International Working Mens Association). Socialism in one country, especially a backward one like Russia, was excluded. During the First World War Lenin wrote the following, which was to lay the basis for Stalin's claims,

"Uneven political and economic development is an absolute law of capitalism. Hence the victory of socialism is possible, first in several, or even in one capitalist country taken singly. The proletariat of that country, having expropriated its capitalists, and organised its own socialist production, would stand up against the rest of the world."

(On the United States of Europe Slogan in Daniels Documentary History of Bolshevism p.71)

But what Lenin is saying here, though unclearly expressed, is that a victorious proletariat would not simply administer capitalism whilst waiting for the world revolution to end its isolation. It would make a start on the attack on capitalist relations with the expectation that its isolation would be ended and the transformation of social relations could then begin in earnest. This is exactly what the Bolsheviks realised they were forced to do in the 1917-21 period. Lenin always argued that Russia could not in the long-term build socialism in isolation. Nowhere did he even consider the possible long-term survival of an isolated socialised economy.

Various arguments have been put forward to defend the idea of Russia as a socialist economy, and they find their most orthodox expression in Stalin's "Economic Problems of Socialism in the USSR" (1952), the bible of the anti-revisionists today. These arguments are; the property relations of the USSR are statified (this, as we have already shown, proves nothing about the class nature of the economy), that the law of value does not regulate production, that commodity exchange has been abolished, and that production is planned centrally and not by market forces.

The idea that state-directed investment overcomes the law of value is asserted by Stalin. Under classical capitalism the law of value ensured a freeflow of investment from unprofitable industries to profitable ones, and clearly this does not happen in the USSR.

"Totally incorrect too is the assertion that under our present economic system... the law of value regulates the proportions of labour distributed among the various branches of production... If this were true it would be incomprehensible why our light industries, which are the most profitable, are not being developed to the utmost and why preference is given to heavy industries, which are often less profitable, and sometimes altogether unprofitable."

(Stalin Economic Problems of Socialism in the USSR)



But Stalin is simply describing here the situation which exists in all the capitalist countries in the decadent phase. Here the state carries out investment or re-investment in the non-profitable, highly capitalised, heavy industrial sectors of the economy through nationalisation or state-financed re-organisation, which is paid for by the taxation of the still-profitable sectors of capitalism. But if we hold that this means that the law of value ceases to operate, the conclusion must be that the mixed economies of Keynesianism are moving towards communism.

Stalin also argued that the deviation of prices from values in the USSR should be rectified,

"The trouble is not that production in our country is influenced by the law of value. The trouble is that our business executives are poorly acquainted with the operation of the law of value." (loc.cit.)

But prices deviate from values under western capitalism and the value-price equation only has meaning at the level of the whole economy. This is even more distorted in Russia by price-fixing via subsidies etc. This also occurs in the West (especially in wartime) without this abolishing the law of value. However, at the level of the whole economy, total prices approximate to the total value of output. Stalin's aim to correct value-price distortions and establish 'socialist' value was rebuked in advance by Engels,

"To seek to abolish the capitalist form of production by establishing 'true value' is tantamount to abolishing catholicism by establishing the 'true' Pope ... by consistently carrying into life an economic category which is the most comprehensive expression of the enslavement of the producers by their own product."

(Anti-Duhring p.368)

Another of Stalin's arguments is that the Russian economy is predominantly socialist since commodity production has been abolished. The bulk of the output of Department 1 (producer goods) did not pass via the market and 'that commodity production was 'limited' to personal consumption,

"Consequently our form of commodity production is not of the ordinary type, but is a special kind of commodity production without capitalists, which is concerned mainly with the goods of associated socialist producers (the state, the collective farms, the co-operatives) the sphere of which is confined to personal consumption". (loc. cit.)

By not denying that agriculture, personal consumption and foreign trade involve commodities, the Stalinists assert that commodities need not be exchanged, as Marx said, for other commodities, but can be exchanged for socialised use values. Goods produced as use value, in Department 1 can function to produce commodities in agriculture, while commodities imported from the West (machines) can be integrated into the production of use value. Some metamorphosis of commodities indeed! Basically this view sees the use the good is put to, rather than how it is produced, as determining its commodity character, and like all non-marxist analyses, leaves the sphere of production for that of distribution.

The argument that the output of Department 1 is not commodity production, since it is not bought or sold on the market, and prices are fixed by the state, and not by competition, implies logically that the same tendencies within the mixed economies are moves towards the abolition of commodity production. In what sense does the state-fixed price for electricity paid by state railways and state steel in Britain abolish commodity production? Does the mining of their own coal by the U.S. steel firms abolish commodity production? Only by assuming what has yet to be proved can it be argued that in the West these are steps to strengthen capitalism whilst in Russia they are part of the move to communism. In any case the capitalist market could (and indeed largely has during world wars) disappear without abolishing capitalism,

"The whole of the capitalist market - except the market relations between capital and labour - may disappear without affecting the capitalist form of production at all. The market relation between capital and labour is the only capitalist relation per se. Short of its abolition the historically developed form of production that has been called capitalism cannot disappear."

(P. Mattick Partisan Review 1941)

The analysis of the nature of Russia cannot begin from issues like the sphere of circulation but must be found in the process of production and accumulation. For us the capitalist nature of Russia is defined by the commodity character of labour power, by the separation of the producers from the means of production, and the accumulation of capital based on the extraction of surplus value from labour power. In Russia the producers are wage labourers, exchanging their only commodity against a wage, which they in turn exchange for other commodities which ensure their existence. This relation is the backbone of the capitalist nature of the whole economy,

"Thus capital pre-supposes wage labour; wage labour pre-supposes capital. They reciprocally condition the existence of each other, they reciprocally bring forth each other."

(Marx Wage Labour and Capital (Selected Works Vol.1 p.92))

Despite wage fixing, despite attempts to prevent or enforce movement of labour (both of which existed in Nazi Germany without making it socialist), wage labour has never been other than a commodity in Russia, hence the surplus for expansion has taken the form of surplus value and this expansion the form of capital accumulation.

## The Dynamics of State Capitalism

The isolation and subsequent failure of the Russian Revolution gave grist to the mill of those "Marxists" who had found it quite possible to support the imperialist war, but found the Bolshevik Revolution a step backward for humanity. The Plekhanovs in Russia, the Kautskys in Germany etc, fell back on a vulgarised Marxism which looked on each national economy in isolation. They argued that since Russia was a "backward" country, only a bourgeois revolution was on the agenda, and hence the emergence of capitalism in the 1920s came as no surprise to them. Even certain groups which had opposed the war, like the British SPGB, or Martov and the Menshevik Internationalists, regarded October as a Blanquist coup, as a bourgeois revolution which could only result in the development of capitalism. The bourgeois revolution theory was a poison patented by counter-revolutionaries and equivocators. However, under the impact of the defeat and demoralisation of the working class in the 1920s, the theory began to raise its head within the revolutionary milieu. Certain of the groups who had enthusiastically welcomed the Russian revolution as proletarian and the first step in the world proletarian revolution, went back to the theory of the bourgeois revolution later on. Otto Ruhle, a leader of the minority secession from the KAPD (Communist Workers Party of Germany), argued in 1924 in a way which would be echoed by later "council communists",

"From the beginning, in accordance with its historical conditions the Russian Revolution could only be a bourgeois revolution. It had to get rid of Tsarism, to smooth the way for capitalism and to help the bourgeoisie into the saddle politically."

(From the Bourgeois to the Proletarian Revolution p.13)

But to deduce from the capitalist nature of Russia in the 1920s the "bourgeois" nature of the revolution is mechanistic and dangerous.

This view is nationalistic, in that, instead of seeing World War One as the expression of the global crisis of capitalism, and the movements of 1917-21 as an international proletarian response to this crisis, it limits the struggle for socialism to national frontiers. The success or failure of each proletariat thus depends on the "maturity" of its own bourgeoisie. Second, Ruhle and all his followers fail to answer the question of why the Russian bourgeoisie was not capable of carrying out its historic tasks, and had to let the Bolsheviks take their place. Did the Russian bourgeoisie simply lack nerve, or did its impasse express the crisis of a system where no more bourgeois revolutions were possible?



And how can we have bourgeois revolutions and proletarian ones occurring at the same time since they are characteristic of quite different periods of capitalist development? Why, in fact, were the bourgeois revolutionaries in Russia trying to stir up proletarian revolutions in the rest of Europe? If we seriously hold to the bourgeois revolution thesis then we have to abandon Marxism. If a bourgeois revolution can be carried on by a proletarian class and party, what becomes of the base/superstructure relationship in Marxism?

Ruhle did have the insight to see that Russia was state capitalist and to point out that nationalisation was not socialisation,

"The Bolsheviks carried out the nationalisation of industry, of transport, banks, factories etc., and thus awoke quite generally the belief that socialist measures were involved. Nevertheless nationalisation is not socialisation. Through nationalisation you can arrive at large-scale, centrally run state capitalism, which is still capitalism..."  
(op. cit. p.15)

But Ruhle ignores the socialisation measures of war communism, which gave the original expropriations a proto-communist character, and he also "forgets" that in 1924 no-one in Russia had yet baptised the economy as "socialist". In fact Lenin would have agreed that it was state capitalist. Unlike Ruhle, Lenin and other communists elsewhere knew why it was becoming state capitalist. This was simply because the revolution had become isolated, not because it was bourgeois in origin.

We present this article from the "Observer" of 18/8/81 to our readers. From an obviously closer and more subjective point of view, the writer shares our conclusions on the state capitalist nature of the Soviet Union - although we believe his faith in 'independent' trade unions is sadly misguided and mistaken, as we have particularly discussed in recent 'WORKERS VOICE' articles on Solidarnosc in Poland.

For Workers Voice copies 1 to 6 (new series), send £1.20 + 30p P&P to the group address.

## Capitalist Russia versus the workers

IT IS NO secret that fundamental human rights have been consistently trampled on in the Soviet Union. The flouting and complete disregard of human rights is felt most acutely by the workers who are powerless to counter political and socio-economic oppression.

My life and my so-called 'slandorous activities' may well serve as examples. I am presently serving a second term of imprisonment. In 1975 I was charged under Article 187 and sentenced to three years' imprisonment by the Kiev Oblast Court. In 1979 I was charged under Article 206 and sentenced to five years' imprisonment by the Kiev People's Court.

As a worker relegated to the lowest rung of the Soviet social ladder, I personally have experienced economic, socio-political and national oppression. Understandably, I could not help but give thought to and consider the real reasons for this oppression. With time I realised that my fellow workers were also victims of exploitation and that this exploitation was greater the lower one found oneself on the social ladder. I came to the conclusion that ultimately it is the state which is the exploiter along with the State-party bour-

**The author is a Ukrainian worker from Kiev now serving a second term of imprisonment for campaigning for workers' rights. This account of his case has been received by Amnesty International in London in the form of an open letter to the Ukrainian Human Rights Movement and the United Nations' Human Rights Committee. It was written last November in a penal colony at Bucha in the Ukraine.**

geoisie which is in its service and which is the one wielding the real power in the country. The socialism and internationalism of which one so often speaks in the Soviet Union is nothing more than a smokescreen for a means of production and distribution of material goods which is not in the least socialist.

In short, I have come to the conclusion that our country is actually a State capitalist society with a totalitarian form of government. In informal conversations with fellow workers I expressed some of my views regarding Soviet reality. I saw nothing wrong in so doing. Specifically, I noted that the real causes for our impoverished condition are to be found not in mistakes committed by the administrative apparatus but in the very system of production which, in actual fact, is capitalist.

In my conversations as well as in the leaflets which

I wrote and then posted throughout Kiev on bulletin boards, buses, monuments, etc (for having posted my leaflets on a statue of Lenin, I was charged under Article 206 with 'hooliganism'). I showed that Soviet labour unions (i.e. state-party organisations) neither constitute a 'separate autonomous organisation nor do they represent the rights and economic interests of the working class.

They are, in fact, an integral part of the party-State apparatus whose principal aim is to extract the utmost from the worker while keeping the working-class in blind obedience, checked and ensured by a system of meeting out at first minor and then ever greater benefits. The dispensation of benefits depends on such factors as good behaviour, success in meeting the designated quotas and loyalty to the State.

Those workers who express dissatisfaction, be it outrightly or indirectly, are demoted to the lowest-paying jobs, lose any privileges and are put under the 'care' of Soviet penal authorities. All this is done with no objections raised by the labour union.

I believe that I am not alone in my endeavour, that the situation in the Soviet Union is ripe for the founding of independent labour unions (as opposed to party-state ones) which would prove effective in solving the problems with which the working class is faced. I explained to my fellow workers that we not only have the right to talk of independent labour unions but the right to organise them.

Throughout the course of my so-called 'slandorous' activity, I came to see that similar views are held by many workers who, as a rule,

may be characterised as independent-minded. I became aware that their numbers are growing daily.

And even though the ruling class will go to any length to check independent-minded workers whose protest is born of spontaneity, repressions will no longer be able to suppress that awareness which has been awakened in the consciousness of the people.

The recent events in Poland have shown that the working-class is capable of leading the struggle for its rights and freedoms, for a feasible improvement of its well-being. The effectiveness of the struggle waged depends on the degree of solidarity of the working-class, on the degree of self-organisation.

This, in short, is the extent of the 'slandorous' activity for which I am being 'rehabilitated' behind barbed wires.

I ask that the Ukrainian human rights group make my letter known to the people of the Soviet Union and to world public opinion. But foremostly, to the labour unions throughout the world. Let them be the ones to determine who the real culprit is and what his true motives are.

*Mykola Pohyba*

The majority of the KAPD around Gorter originally rejected Ruhle's idea that the Russian revolution was inevitably bourgeois,

"We are the firmest opponents - and this goes for the KAP of all countries - of the view of the Mensheviks, Kautskyites, Independents, pacifists, etc. - that the Russian revolution had to go through the experience of a bourgeois revolution. When a proletariat sees the way to revolution and victory, it has a right and a duty to seize it. And the possibility of the German and world revolution was, and still is, there."

(Die Kommunistische Arbeiterinternationale p.2)

For Gorter the option of making a bourgeois or proletarian revolution was there, and it was Bolshevik policy which pushed events in the direction of a bourgeois revolution. For the KAPD the original sin of the Bolsheviks was the New Economic Policy (NEP). The great danger was the bourgeois restoration brought about by the Nepmen and the kulaks, who favoured a return to private rather than state capitalism,

"In the cities the new power of the bourgeoisie is growing, on the land also the new power of the peasantry, and in between is the proletariat, which in spite of appearances, has little power. The new bourgeoisie in the cities and the peasantry want to enrich themselves ... they wait only for foreign trade to be opened and all the fetters on capitalism will be loosened."

(Gorter op.cit. p.8)

As the NEP consolidated itself, Gorter decided that the revolution had, after all, been half-bourgeois, and eventually he concluded that it had been a truly bourgeois one. He thus achieved an ideological re-unification with Ruhle,

"...the party dictatorship is the typical hallmark of the bourgeois revolution ... A bourgeois revolution is always the revolution of a minority against a majority."

(op. cit. p.5)

Gorter's view of capitalism in Russia should logically have seen Stalin's decision to abandon NEP and suppress private capital in 1928 as a step back in the right direction. Some of the KAPD (e.g. Karl Schroeder) did, and rejoined the KPD. Similarly in Russia most Trotskyists led by Preobrazhensky now turned to support of Stalin. The relics of the German and Dutch Lefts remained confused about the nature of Russia. For example, the Dutch GIK talked of Russia in 1931 as,

"...a new, previously unknown form of social domination ... and a state communist economy, or better, that of state capitalism."

(Grundprinzipien Kommunistischer Produktion und Verteilung pp. 25 and 88)

But as Marx commented "mankind only sets itself such problems as it can solve". Thus the effects of the economic crisis of 1929, and the rise of statification in Germany (Fascism), the USA (New Deal) and elsewhere showed that the tendency towards statification was the main development of capitalism in the era of its permanent crisis. The problem of the state as the central personification of capitalism could now be faced, and resolved, more easily. The clarification on a world scale of the bourgeois nature of statification and planning meant that the previously mentioned G.I.K. could write about Russia in a much clearer vein in 1935. They characterised it as capitalist and explained why.

"For the same reasons, from the Marxist point of view, the Russian tentatives towards economic planning cannot be considered socialist. Russian practice does not obey communist principles, but rather the laws of capital accumulation. Here we have, although even under a modified form, a production of surplus value ... Wage labour gives birth to capitalism and constitutes the basis for the existence of a growing privileged bureaucracy ... The separation of the producers from the means of production which still exists in Russia, exchange relations, the market, necessitates the maintenance of accounting in money. All this has nothing to do with Marx's definition of the "free and equal association